

Message Text

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ACTION DLOS-06

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10 FEA-01
ACDA-07 AGRE-00 AID-05 CEA-01 CEQ-01 CG-00 CIAE-00
COME-00 DODE-00 DOTE-00 EB-08 EPA-01 ERDA-05 FMC-01
TRSE-00 H-01 INR-07 INT-05 IO-13 JUSE-00 L-03 NSAE-00
NSC-05 NSF-01 OES-06 OMB-01 PA-01 PM-04 PRS-01 SP-02
SS-15 USIA-06 SAL-01 OIC-02 /154 W
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FM USMISSION GENEVA
TO SECSTATE WASHDC 5838
INFO AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY TOKYO

C O N F I D E N T I A L GENEVA 1813

E.O. 11652: GDS
TAGS: PLOS
SUBJECT: LOS: GROUP OF 5 MEETING MARCH 6, 1977

REF: GENEVA 1774

1. THE GROUP OF 5 (G-5) MET MARCH 6 FOR A SECOND TIME ON SEABED MINING ISSUES ON THE AGENDA OF THE EVENSEN MEETING. ATTENDING WERE: AMBASSADOR LOGAN (UK), WHO CHAIRED MEETING, AMB. MASATO FUJISAKI (JAPAN), MINISTER YARMOLOUK (SOVIET UNION), MINISTER JEANNEL (FRANCE) AND AMB. RICHARDSON (US). DELEGATES WERE ACCOMPANIED BY THEIR EXPERTS.

2. FOCUS FOR MEETING WAS ON THE FOLLOWING: EVENSEN DRAFT COMPROMISE TEXT, THE PAPER TABLED BY AMB. CASTANEDA OF MEXICO, A PAPER TABLED BY AN ANONYMOUS GROUP OF LDC COUNTRIES, FINANCING OF THE ENTERPRISE, QUOTAS OR ANTI-MONOPOLY PROVISIONS, AND FOLLOW-UP TO EVENSEN MEETING.

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3. EVENSEN TEXT AND DEBATE: THERE WAS GENERAL AGREEMENT THAT PRESENT EVENSEN TEXT WAS FAR FROM PERFECT AND THAT REAL DANGER WAS THAT NEXT TEXT LIKELY TO BE FAR WORSE. UK (LOGAN) EMPHASIZED NEED TO STICK TO PARALLEL SYSTEM AND TO KEEP EVENSEN BACK FROM ADOPTING ANY OTHER APPROACH. IT WAS AGREED THAT G-5 MEMBERS COULD SHOW SOME INTEREST IN EVENSEN PROCESS AND THAT

TIME HAS NOT BEEN WASTED. SOME DELEGATIONS WARNED OF DANGER OF GETTING INTO DRAFTING CHANGES AND THEREBY GIVING OFFICIAL STATUS TO A FUTURE EVENSEN TEXT.

4. THERE WAS CONSENSUS THAT ANY EVENSEN TEXT WOULD BE IN DIRECTION OF G-77, BUT EFFORT STILL NEEDED TO MAKE IT AS SATISFACTORY AS POSSIBLE. THE SOVIETS EMPHASIZED THE NEED FOR INFORMAL CONSULTATIONS OUTSIDE THE CONFERENCE CONTEXT AND NOTED THAT EVENSEN MEETING WAS FIRST TIME THE G-77 DID NOT MEET AS A BLOC AND THAT INDIVIDUAL G-77 DELEGATES HAVE TABLED ON THEIR OWN TEXTS WITH DIFFERENT VIEWS. THIS WAS SOME PROGRESS. UK (LOGAN) NOTED THAT CONFERENCE STARTED ON MODERATE NOTE BUT PASSED TO HARDER LINE WITH G-77 MEMBERS EMPHASIZING PHASING OUT OF STATES IN MINING SEABEDS. HE ALSO NOTED MOVEMENT TOWARD INCREASED DISCRETION ON PART OF AUTHORITY OVER ENTERPRISE AND STATES PARTIES ON BOTH SIDES OF A PARALLEL SYSTEM AND THUS EVENSEN MEETING WAS MOVING AWAY FROM THE PARALLEL SYSTEM AS WE UNDERSTAND IT. US INDICATED THAT WHAT WAS TAKING PLACE WAS A PROBING OF OUR POSITIONS AND THAT THIS WAS NOT THE PLACE TO NEGOTIATE SINCE LDCS WOULD ONLY TAKE OUR CONCESSIONS WITHOUT PROVIDING ANY CONCESSIONS IN RETURN. THERE WAS GENERAL AGREEMENT THAT SOME EFFORT SHOULD BE MADE TO HELP THE MODERATE DELEGATIONS WHO WERE TELLING G-5 MEMBERS THE NEED SOME INDICATION OF INTEREST IF THEIR VIEWS ARE TO HAVE WEIGHT IN G-77 MEETINGS.

5. JAPANESE NOTED POSITIONS STILL VERY FAR APART AND THUS G-5 SHOULD STICK TO STATED POSITIONS. FRENCH THOUGHT THAT G-77 TACTICS WERE TO MAKE INDUSTRIALIZED COUNTRIES THINK THEY WERE ONLY GIVING WINDOW DRESSING WHEN IN FACT THEY WERE MAKING CONCESSIONS. CONFIDENTIAL

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US AGREED THIS WAS POSSIBLE. THE UK NOTED FINALLY THAT WE SHOULD TRY TO MOVE EVENSEN TEXT TOWARD OUR SIDE OF A COMPROMISE, BUT NOT BE SO NEGATIVE AND DIFFICULT AS TO MAKE COMPROMISE HOPELESS.

6. MEXICAN PROPOSAL WHILE NOT REPEAT NOT ACCEPTABLE, FRANCE THOUGHT MIGHT BE WAY TO FIND COMPROMISE ON FINANCING. FRENCH SAID MAIN PROBLEM WITH MEXICAN PROPOSAL WAS PROVISIONS FOR REVISION EVERY FIVE YEARS: THE FRENCH SAID THIS MUST BE COMPLETELY REJECTED. SOVIETS ALSO SAW SOME POSITIVE ELEMENTS IN MEXICAN PROPOSAL, INCLUDING ULTIMATE POSSIBILITY OF AGREEING ON A REVISION CLAUSE; BUT NOW WAS NOT THE TIME TO AGREE. WHILE SOVIETS THOUGHT MEXICAN TEXT GAVE AUTHORITY POWER TO NEGATE PARALLEL SYSTEM AND ACCESS, PROPOSAL INDICATED SOME PROGRESS SINCE IT PROVIDED FOR PARALLEL CONCEPT AND FINANCIAL ARRANGEMENTS WERE BASED ON STATE AND PRIVATE SECTOR PAYMENTS AS OPPOSED TO COMPULSORY STATE ASSESSMENTS. US NOTED THAT WE CAN APPROACH THE MEXICAN PAPER BY INTRODUCING ISSUE OF HOW THE ENTERPRISE IS TO GET INTO BUSINESS AND DISCUSSING HOW A

PARALLEL SYSTEM MUST WORK AND HOW FINANCING MIGHT TAKE PLACE. US STATED IT HAD SERIOUS PROBLEMS WITH MEXICAN FINANCING PROPOSALS IN THAT IT IMPLIED LARGE FRONT-END BURDEN ON INDUSTRY WHICH PREFERS PROFIT SHARING. FURTHER WE STATED WE COULD ENVISION POSSIBILITY OF JOINT VENTURES WITH THE ENTERPRISE IN ITS HALF OF THE SYSTEM.

7. "ANONYMOUS LDC DRAFT" (SEE REFTTEL) WAS CHARACTERIZED BY THE UK AS USING WORDS WHICH COULD BE GIVEN WIDE MEANING, BUT LOGAN THOUGHT LDCS DID NOT MEAN A SYSTEM WHICH WOULD ASSURE ACCESS FOR STATES AND THEIR ENTITIES. FURTHER, ARTICLE 22, AS REDRAFTED IN THE ANONYMOUS DRAFT WAS NOT CONSISTENT WITH THE COMMENTARY ACCOMPANYING THE DRAFT WHICH PROVIDED CONTINUED SCOPE FOR STATES IN SEABED MINING. UK NOTED THEY HAD BEEN APPROACHED BY LDC DELEGATED ABOUT THE ANONYMOUS DRAFT AND ASKED WHETHER DEVELOPED COUNTRIES WOULD REFLECT SOME INTEREST IN IT EVEN THOUGH CONFIDENTIAL

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WE WERE NOT EXPECTED TO SAY IT WAS SATISFACTORY. FRENCH NOTED THAT ANONYMOUS PAPER REALLY PROVIDED ONLY JOINT VENTURES WITH A PHASING OUT OF PRIVATE COMPANIES. THEREFORE WE SHOULD NOT GIVE THE IMPRESSION WE CAN BE SEDUCED BY THIS APPROACH BUT BE FIRM ON PARALLEL SYSTEM. US STATED WE SHOULD NOT RESPOND TO LDC INITIATIVES NEGATIVELY, BUT APPROACH THE ISSUES POSED IN THE ANONYMOUS DRAFT THROUGH EXAMINING THE FINANCING QUESTION AND ITS LINK TO ACCESS.

8. FINANCING OF ENTERPRISE WAS DISCUSSED, MAINLY BASED ON MEXICAN PAPER WHICH PROPOSED FEES, ROYALTIES AND LOANS. MOST G-5 MEMBERS FAVORED THIS APPROACH SINCE IT DID NOT REQUIRE DIRECT CONTRIBUTIONS ON THE PART OF STATES. SEVERAL SAID THEY COULD NOT REPEAT NOT NOW SUPPORT THE FINANCING CONCEPT CONTAINED IN THE KISSINGER PROPOSAL. MOST WERE FAVORABLE TO IDEA THAT REVENUE FROM SEABED MINING BY STATES AND FIRMS COULD GO TO FINANCING THE ENTERPRISE AND THAT THIS COULD BE COMBINED WITH THE ABILITY OF THE ENTERPRISE TO RAISE MONEY THROUGH CONVENTIONAL LOANS. SOVIETS SAID THEY COULD NOT SUPPORT LOAN GUARANTEES SINCE THIS POSED PROBLEMS FOR THEM SIMILAR TO DIRECT CONTRIBUTIONS. US HAD DOUBTS ABOUT MEXICAN APPROACH SINCE FIRMS WERE NOT IN A POSITION TO ABSORB LARGE ROYALTY OR FRONT-END FEE PAYMENTS UNTIL THEY KNEW THEY COULD MAKE A PROFIT. IT WAS AGREED THAT G-5 EXPERTS WOULD DISCUSS THE MATTER FURTHER AND REPORT BACK TO HEADS OF DELEGATIONS.

9. QUOTAS AND ANTI-MONOPOLY PROVISIONS WERE DISCUSSED SINCE THIS TOPIC WAS OF CONCERN TO THE SOVIETS AND TO A LESSER EXTENT TO THE FRENCH. UK NOTED FOR THE RECORD THAT POSITIONS OF MEMBERS OF THE G-5 REMAINED THE SAME AS PREVIOUSLY AND LITTLE

PROGRESS WAS MADE AT AN EXPERTS MEETING ON THE SUBJECT. US NOTED DESIRABILITY OF MAINTAINING G-5 UNITY AS MUCH AS POSSIBLE. FURTHER, USG ALSO WAS NOT IN A POSITION TO MODIFY OUR POSITION. US STATED IT BELIEVED THAT SUBJECT SHOULD THEREFORE NOT BE PRESSED IN EVENSEN MEETING, SINCE IT WAS LIKELY THAT LDCS WOULD

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USE SUBJECT TO FURTHER RESTRICT DEVELOPED COUNTRY ACCESS. FINALLY, IT WAS AGREED TO TAKE THIS SUBJECT UP AT AN EXPERTS MEETING ON SUBJECT BEFORE THE NEXT LOS SESSION. (FYI - US AND SOVIETS AGREED TO BILATERAL IN GENEVA ON THIS AND OTHER SUBJECTS. END FYI)

10. TACTICS DURING INTERSESSIONAL PERIOD WERE DISCUSSED BY G-5 MEMBERS WITH USSR PRESSING FOR INFORMAL PROCEDURES OR UN-OFFICIAL CONSULTATIONS ON SEABED ISSUES BEFORE AND DURING THE NEXT SESSION. SPECIFICALLY, SOVIETS SAID G-5 SHOULD DISCUSS HOW TO DEVELOP UNOFFICIAL NEOGITATIONS DURING NEXT SESSION AND WHAT TO DO ABOUT NEXT EVENSEN TEXT. UK THOUGHT G-5 SHOULD MEET AGAIN PRIOR TO CONFERENCE TO DISCUSS TACTICS. CATTO

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